For the attention of

Commissioner Margrethe Vestager
European Commission

May 13, 2019

Dear Commissioner Vestager,

By this letter, we would like to share with you the findings of a recent study by the independent consultancy firm Grant Thornton. The study shows that EU consumers are currently overpaying billions of euros despite Google's so called "Compliance Mechanism" for the comparison shopping market. Also, as Google's abuse of dominance relating to the comparison shopping market is dramatically accelerating, it is seriously harming competition.

We represent four of the leading comparison shopping services in Europe. Our services enable consumers to compare millions of products from tens of thousands of e-commerce retailers and find the best prices. We strive to help consumers in finding better products and save money - whether they intend to purchase a new mobile phone, toys or a pair of trainers.

However, the reality in Europe is that almost the entire online search market is controlled by one single company – Google. With a monopoly market share exceeding 90 per cent in most EU member states, Google controls access to consumers as most Europeans use it as a starting point for searching for any information. The problem for comparison shopping is that Google is using this overwhelming dominance to favour its own comparison shopping service which it promotes in its general search results pages – and in which, according to the recent independent study, European consumers pay significantly higher prices and base their decisions on inferior information compared with similar services.

According to the comprehensive analysis by the consultancy firm Grant Thornton of the 1,100 most popular products in 12 EU countries, on average the prices found within Google's Shopping Units are 14 per cent higher compared to the services we represent. In the most popular category – clothing and footwear – the price difference is even 37 per cent. The EU Commission has estimated that Google, by its abuse, has taken control of up to 90 per cent of the comparison shopping market in major EU countries. Considering that European consumers purchase products online for EUR 200 billion annually, it is not unlikely that they are overpaying by tens of billions of euros – every year.

The results are not surprising. Google maximises profits by an auction-structure for its Shopping Units, in which Google displays a selection of product offers based on which merchant pays the highest price for the respective ad slot. This is different to most other competing services where the guiding principle is to show consumers "lowest price first".

But consumers do not only wish to compare prices. If you need to buy a new vacuum cleaner, you do not just want the cheapest one, but the right product for a reasonable price. Here, again, Google's service is inferior. According to the Grant Thornton study, the number of product specifications guiding consumers is one-fifth at Google compared with its peers. In addition, 23 per cent of all prices on Google are erroneous, which is four times more than on competing services.

In its 2017 Google Shopping decision, the Commission banned Google from favouring its comparison shopping service. The study proves that because of the Commission's non-enforcement of this obligation, Google now continues to unfairly generate enormous profits paid for by consumers and competitors. This gives Google the resources, the data and the time to further entrench its dominance and improve its service at the expense of competition.

It is now close to two years since the EU decision came into effect. The measures taken by Google to comply with the EU decision are illusionary. Google's own comparison shopping service – the Shopping Units displayed in general search results pages – still has the same prominent position and is appearing much more frequently. Contrary to Google's lobbying, the fact that by now some 75 per cent of these units include at least one product ad served via a competing comparison shopping service, is economically irrelevant. Overall, Google's Shopping Units deprive competing services of much more traffic than they could ever buy back through product ads. Plus, a right to buy back the traffic that Google is abusively diverting away from more relevant comparison sites can hardly be a remedy.

If the Commission fails to recognise Google's continuing abusive self-favouring, the door is wide-open for Google to destroy competition in many other industries, such as travel, jobs or utilities. By bundling with Google Pay, Google could extend its dominance into selling products, harming online retailers and payment providers. Ultimately, this is a matter for the European tech sector and its ability to innovate and compete with US and Asian companies.

As an open platform, Google is great. But as a closed system that keeps users within a universe of own services, Google constitutes a threat to the entire digital market economy in Europe. For both European consumers and tech companies, it is vital that the Commission stands up to Google and enforces its 2017 prohibition decision.

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